

VZCZCXYZ0002
RR RUEHWEB

DE RUEHUJA #0147/01 0391520
ZNR UUUUU ZZH
R 081519Z FEB 10
FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC 0213
INFO RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHOS/AMCONSUL LAGOS
RUEHUJA/AMEMBASSY ABUJA

UNCLAS ABUJA 000147

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [PREL](#) [PINR](#) [OVIP](#) [NI](#)

SUBJECT: SCENESETTER FOR CODEL MEEKS/WATT VISIT TO NIGERIA, FEBRUARY 15-16, 2010

¶1. (SBU) The U.S. Mission to Nigeria warmly welcomes the visit of CODEL Meeks/Watt to Nigeria to visit Lagos February 15 and 16. Embassy provides the following political and economic overview of the current situation in Nigeria.

RELATIONSHIP STRESSED BY RECENT EVENTS

¶2. (SBU) During Nigeria's fifty years of independence, the strength of our bilateral relationship originated largely from the positive view that most Nigerians held of both the USG and the American people. Nigerians remain broadly sensitive to their image among Americans, and many desire international approval and respect for their perceived role as a regional and continental power. The current relationship has come under strain by the recent listing of Nigeria for aviation security purposes as a "country of interest" after the attempted bombing of a U.S. aircraft by a Nigerian citizen. Nigerian officials and many private citizens remain angry at the designation, calling it discriminatory and unfair. The decision to put Nigeria on this list could also influence GON decisions on peacekeeping and on votes before the United Nations Security Council. Political leaders have recently toned down their rhetoric and appear to understand our concerns over outside links with extremists. Nearly all Nigerian Government (GON) leaders remain favorably disposed towards approval soon of a memorandum of understanding permitting the use of U.S. Federal Air Marshals on U.S. commercial flights to and from Nigeria.

DOMESTIC ENVIRONMENT

¶3. (SBU) President Yar'Adua, elected in 2007 and eligible to run for a second term in 2011, has been absent from Nigeria since November 23 while undergoing medical treatment in Saudi Arabia. Vice President Goodluck Jonathan has cautiously assumed some presidential duties in the meantime, avoiding the appearance of seeking the presidency prematurely. Divisions between Northern and Southern politicians and competition among potential successors for the Vice Presidency have complicated decision-making. Political pressure from multiple quarters, including parts of the ruling party, is building on the Yar'Adua loyalists in the government to transfer formal presidential powers to the Vice President.

¶4. (SBU) President Yar'Adua announced a "Seven Point Agenda" to enhance electricity generation, food security, job creation, road construction, land reform, education, and stability in the Niger Delta during his 2007 presidential campaign. In his inaugural address, he acknowledged "flaws" in the electoral process and promised to redress them. However, actions have fallen short of promises. The Electoral Reform Committee (ERC) established by President Yar'Adua established in 2007 produced a comprehensive set of recommendations on electoral reform, but a GON paper recommended

adoption of only a few of the recommendations, which have languished before the National Assembly. The February 6 gubernatorial election in the southeastern state of Anambra will present a key test of GON willingness and capability to conduct credible elections. A U.S. and the U.K. assessment team met with various civil society groups and the Independent National Election Commission (INEC) to assess Nigeria's ability to hold credible national elections in 2011. Election observers from the U.S. will be in Anambra State February 5-8 to watch a key gubernatorial election there that has become a test case for the Nigerians to conduct a credible election.

NIGER DELTA AMNESTY

15. (SBU) The Niger Delta largely enjoys a current lull in militancy. By October 2009, the GON persuaded all major militant leaders to renounce violence and surrender arms in exchange for amnesty, government stipends, training opportunities, and pledges of greater development for the Delta. Nigerian officials followed up the amnesty program with a series of consultations with Delta stakeholders, including ex-militants. United Nations Development Program (UNDP) partners sent a letter to Minister of Defense and Amnesty Committee Chairperson Retired General Godwin Abbe in December 2009 offering to engage on the Niger Delta, but have yet to receive a reply. Concerns exist that ex-militants may become impatient before the full implementation of rehabilitation programs occurs. Allegedly speaking for the Movement for the Emancipation of the Niger Delta (MEND), self-identified spokesperson "Jomo

Gbomo" announced January 30 the end of MEND's October 25, 2009 cease-fire. To date, security has improved considerably in most areas of the Delta, but ex-militants have staged protests in Bayelsa, Rivers, and Delta States over lack of progress on rehabilitation and reintegration.

16. (SBU) During the past six months, the GON has undertaken a few modest steps against corruption. In August 2009, for example, Central Bank of Nigeria (CBN) Governor Sanusi Lamido Sanusi ordered the audit of Nigeria's 24 banks. Two rounds of audits led to a 3.9 billion-dollar bailout of eight troubled banks, replacement of top bankers, publication of a "name and shame" list of hundreds of bad debtors, and recovery to date of ten percent of the bad debt. A retroactive ten-year term limit has also been placed on the sitting managing directors of all the banks. In late October, a Nigerian judge convicted the former Nigerian Port Authority chairperson on various corruption charges and ordered his immediate imprisonment for up to eight years. However, many perpetrators of corruption appear to possess little or no fear of punishment for their offenses.

17. (SBU) The State Department designated Nigeria in 2009 as a "Category One" country for its efforts against trafficking in persons thanks to the work of the Nigerian Agency for the Prevention of Trafficking in Persons. The Nigerian Drug and Law Enforcement Agency (NDLEA) agreed to accept assignment of a law enforcement advisor at its headquarters to provide technical assistance. The Mission witnessed some progress on long-standing extradition cases.

18. (SBU) On trade and development, Mission efforts have led to the elimination of import bans and decreases in tariffs on key products, decreasing the cost of doing business and reducing incentives for smuggling. The Mission helped the GON solve regulatory and policy problems to allow increased electricity supplies, boost agricultural production, and help establish reliable regional and international markets, including use of the African Growth and Opportunity Act (AGOA). The Mission has also worked toward a healthy restructuring of the oil and gas sector, and toward improving aviation safety and security. The Federal Aviation Administration (FAA) provided a two-year, GON-reimbursed technical assistance program on aviation safety and security in 2008 and 2009 to the Nigerian Civil Aviation Authority (NCAA) in preparation for a planned FAA flight safety audit in early 2010. The NCAA passed all elements of the program that would make them eligible for FAA Category One certification. The GON hopes to

obtain this certification by mid-2010.

¶9. (SBU) Bilateral military cooperation remains strong. The third African Partnership Station (APS) deployment in the last two years will occur February 10-17. U.S. contractors installed Regional Maritime Awareness Capability (RMAC) radar sites in Lagos and Bonny Island, and the Mission is helping to stand up a military counter-terrorism unit. Nigerian troops participated in peacekeeping operations in Darfur and Liberia with the help of Africa Contingency Operations Training and Assistance (ACOTA). The GON remains interested in working closely with the Economic Community of West African States (ECOWAS) to promote regional security where needed.

CHALLENGES

¶10. (SBU) Important legislation affecting the petroleum industry and oil and gas services remain under consideration by the National Assembly. The proposed Petroleum Industry Bill (PIB) and Local Content Bill (LCB) would respectively affect GON relationships with international oil and gas production and service companies operating in Nigeria. Depending on their ultimate content, they could affect corporate profitability and the willingness of foreign companies to make new investments in Nigeria in the oil and gas sector. Shell, Total and Agip recently announced a decision, pending GON approval, to sell their 45 percent minority interest in three onshore oil blocks to two Nigerian oil companies.

¶11. (SBU) Lower oil prices and more "shut-in" oil production in the Niger Delta, beginning in late 2008, lowered GON revenues. Off-setting this trend, accession by militants to the GON's amnesty program allowed production to rebound from an estimated 1.6 million barrels per day in August 2009 to just under 2.0 million barrels per day in December 2009, with the prospect of as much as 2.4 million barrels per day by mid-2010. (Note: These figures exclude up to 500,000 barrels per day of condensates. Nigeria's OPEC quota

is currently 2.2 million barrels per day, excluding condensates. End Note). The GON offset the decline in 2008 and 2009 revenue by drawing down the Excess Crude Account (a type of "rainy day" fund) to fund the National Integrated Power Project and distribute additional funds to national, state, and municipal governments. Gross Domestic Product (GDP) growth is expected to have declined from 6.4 percent during 2008 to something above 3.0 percent during 2009, according to the latest IMF estimates. Growth in 2010 is expected to be 6.0 percent, although this will depend on the continuation of the recent recovery of both international oil prices and domestic oil production. Meanwhile, total foreign exchange reserves declined from 63 billion dollars in August 2008 to 43 billion dollars at the end 2009, while the Excess Crude Account declined from 20 billion dollars in January 2009 to 6.5 billion dollars at year's end. The recovery of both oil prices and oil production should allow the GON to rebuild both foreign exchange reserves and the Excess Crude Account.

¶12. (SBU) In the north, violent clashes erupted in four states in July 2009 after supporters of an Islamic extremist group, "Boko Haram" ("Western Education is Forbidden"), attacked police stations and other government facilities. This provoked police and military sweeps in several states suspected of harboring "Boko Haram" members and sympathizers. The group opposes western education models. Nigeria's Islamic leaders strongly condemned the attacks. The Nigerian army restored order, but clashes between security forces and militants reportedly resulted in about 700 mostly militant deaths. The leader of this group died while in police custody, and many "Boko Haram" members remain incarcerated or outside public view.

¶13. (SBU) In mid-January, communal violence erupted again in Jos, in Plateau State, causing hundreds of deaths, considerable damage to property, and displacement of thousands of residents, mostly from Plateau State to neighboring states, but also, more recently, from neighboring states to Plateau State as Bauchi State announced its inability to guarantee the safety of Plateau citizens in Bauchi State. The Vice President ordered deployment of military and

police units to Jos to restore order and subsequently visited the affected areas. Both Muslim and Christian leaders condemned the violence.

¶14. (SBU) In December 2009, Nigerian national Umar Farouk Abdulmutallab allegedly attempted to detonate an explosive device on a U.S. commercial airliner shortly before landing at Detroit's international airport. Nigeria's Muslim community roundly condemned Abdulmutallab's reported actions in unconditional and unequivocal terms. Several Muslim organizations issued public statements condemning violence as "un-Islamic," emphasizing Islam as a religion of peace, and voicing concern that this incident has harmed Nigeria's image and interests.

CONCLUSION

¶15. (SBU) The December 25 attempted attack on a commercial airliner has complicated bilateral relations, but the USG continues to promote key priorities on electoral reform, the Niger Delta and regional security, anti-corruption, energy, investment, and the expansion of commercial aviation. President Yar'Adua's prolonged absence from the country continues to affect domestic governance operations, investment, and relations with the international community. A less than credible election in 2011 could seriously harm interests here. Meanwhile, the USG should not lose sight of the long-term challenge of working with Nigerian partners on numerous shared interests, including deterring or treating HIV/AIDS (cumulative PEPFAR funding to date is about 1.5 billion dollars), addressing educational needs, and enhancing law enforcement and counter-terrorism capacities.

¶16. (U) Embassy and ConGen Lagos collaborated on this telegram.
SANDERS